

Supplementary Information



Calculation of Transfers - Stabilization and Tax Reduction Funds

Calculation Of Transfers: Stabilization Fund

June 30, 1998
(Amounts in thousands)

This statement is prepared on the statutory basis of accounting pursuant to General Law Chapter 29, Section 5c most recently amended by Ch: 88 of Acts of 1997 and Ch. 175 of the Acts of 1998. It presents information contained in the official books and accounting records of the Commonwealth. Financial statements supporting this calculation are presented in the Financial Section of this report.

Part 1: Status of Consolidated Net Surplus in the Operating Funds before Stabilization Fund transfers, and Capital Projects Fund transfer but after authorization to retain 0.5% of net revenue from taxes.

Undesignated Fund Balance (Deficit) in the Operating Funds:

General Fund.....	\$ 2,054,630
Highway Fund.....	207,413
Local Aid Fund.....	<u>(1,912,926)</u>
Consolidated Net Surplus.....	<u>349,117</u>
Available to carry forward to subsequent fiscal year (per Schedule A).....	<u>70,189</u>
Consolidated net surplus before transfer to Capital Projects Fund.....	278,928

Part 2: Calculation of transfers to Capital Projects Fund:

Transfer from General Fund to Capital Project Fund (per Schedule B):	<u>111,571</u>
Net Consolidated surplus available for Stabilization Fund.....	<u><u>\$ 167,357</u></u>

Part 3: Calculation of transfers to Stabilization Fund:

From the General Fund, @ 60%.....	\$ 100,414
From the Local Aid Fund, @ 40%.....	<u>66,943</u>
Total Transfers.....	<u><u>\$ 167,357</u></u>

Part 4: Status of Consolidated Net Surplus after Stabilization Fund transfers:

Undesignated Fund Balance (Deficit) in the Operating Funds:

General Fund.....	\$ 1,842,645
Highway Fund.....	207,413
Local Aid Fund.....	<u>(1,979,869)</u>
Consolidated Net Surplus.....	<u><u>\$ 70,189</u></u>

Part 5: Status of Stabilization Fund after transfers:

Reserved for Stabilization - Accumulated Balances.....	\$ 842,231
Amount Appropriated at the close of fiscal year 1998	150,000
FY98 Calculated Transfers to Stabilization Fund.....	<u>167,357</u>
Reserved for Stabilization.....	<u><u>\$ 1,159,588</u></u>

Calculation Of Transfers: Tax Reduction Fund

June 30, 1998
(Amounts in thousands)

This statement is prepared pursuant to Chapters 29 and 29B of the Massachusetts General Laws. It is prepared on the statutory basis of accounting and presents information contained in the official books and accounting records of the Commonwealth. Supporting information is presented in individual schedules, as indicated, and in the Financial Section of this report. There are two computations of potential transfers to the Tax Reduction Fund.

The first computation is as follows:

Part 1: Comparison of Stabilization Fund, after current fiscal year transfers,
to 7.5% of Budgeted Revenues and Other Financial Resources:

Undesignated Fund Balance in the Stabilization Fund.....	\$ 1,159,588
Allowable Stabilization Balance (per Schedule C).....	1,484,988
Stabilization Fund Excess, if any, transferrable to Tax Reduction Fund.....	\$ -

Part 2: Status of Stabilization Fund after transfers:

Stabilization Fund Balance.....	\$ 1,159,588
Transfer to Tax Reduction Fund.....	-
Stabilization Fund Balance after transfer to Tax Reduction Fund.....	\$ 1,159,588

Part 3: Status of Tax Reduction Fund after transfers:

Tax Reduction Fund Balance.....	\$ 205,163
Transfers from Stabilization Fund.....	-
Tax Reduction Fund Balance after transfers.....	\$ 205,163

The second computation is as follows:

Part 1: Comparison of State Tax Revenues to Allowable Tax Revenues:

FY97 Allowable State Tax Revenues (Schedule E).....	\$ 14,157,614
Multiplied by Growth Factor (Schedule F).....	1.0742
Computed FY98 State Tax Revenue Base.....	15,208,109
Plus: Local Aid Adjustment (Schedule G).....	64,774
FY98 Computed Maximum and Allowable State Tax Revenues.....	\$ 15,272,883
FY98 State Tax Revenues (Schedule A)	\$ 14,037,887
State Tax Revenue Excess, if any, transferrable to Tax Reduction Fund.....	\$ -

Schedule A
FY98 Tax Revenues By Revenue Class and
Calculation of Allowable Net Surplus

June 30, 1998
(Amounts in thousands)

Alcoholic Beverages.....	\$	60,162
Banks: Commercial.....		157,307
Banks: Savings.....		(1,249)
Cigarette.....		300,812
Corporations.....		1,066,865
Deeds.....		88,891
Estate and Inheritance.....		191,336
Income.....		8,031,943
Insurance.....		302,765
Motor and Special Fuels.....		621,291
Public Utilities.....		131,976
Room Occupancy.....		96,156
Sales and Use.....		2,962,535
Club Alcoholic Beverages.....		687
Motor Vehicle Excise.....		152
Convention Center Surcharges.....		1,954
State Racing.....		9,193
Beano		5,974
Raffles and Bazaars.....		1,039
Boxing.....		22
Insurance: Excess and Surplus Lines.....		8,076
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FY 98 State Tax Revenue.....	\$	14,037,887
0.5% of Total Tax Revenue.....	\$	70,189
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Allowable Consolidated Net Surplus	\$	<u>70,189</u>

This schedule is prepared on the statutory basis of accounting. It presents tax revenues as reported in the budgeted funds of the Commonwealth. It differs from the schedule of tax collections prepared by the Comptroller, Commissioner of Revenue and State Auditor for calculations in accordance with Chapter 62F, as established by Chapter 555 of the Acts of 1986.

Schedule B
Calculation of Capital Project Fund Transfer

June 30, 1998
(Amounts in thousands)

Maximum Allowable Transfer Amount:

A: Consolidated Net Surplus available for transfer.....	\$	278,928
	X	40%
B: Maximum based on 40% of Consolidated Net Surplus.....	\$	<u>111,571</u>
C: Fund Deficits - Capital Project Funds.....	\$	<u>742,892</u>
Lower of the 40% of the Consolidated Net Surplus or sum of fund deficits in the Capital Project Funds at year end.....	\$	<u>111,571</u>
Amount Transferred by the Comptroller.....	\$	<u>111,571</u>

Schedule C Calculation of Cap on Stabilization Fund

June 30, 1998
(Amounts in thousands)

Total Budgeted Revenues and Other Financing Sources pertaining to the Budgeted funds.....	\$ 21,404,624
Elimination of budgetary interfund activity (per Schedule D).....	<u>(1,604,785)</u>
Budgeted Revenues and Other Financing Sources pertaining to the Budgeted funds.....	<u>\$ 19,799,839</u>
Allowable Stabilization Fund - Balance, 7.5% of Budgeted Revenue.....	<u>\$ 1,484,988</u>

Calculation of Stabilization Fund Transfers as defined by Mass General Law Ch. 29 section 5c and as recently amended by Ch. 88 of Acts of 1997 and Ch. 175 of the Acts of 1998.

Schedule D Detail of Eliminations of Budgetary Fund Activity

June 30, 1998
(Amounts in thousands)

Adjustments to Revenues:

Municipal Transit Assessments.....	\$ (155,610)
Transfers to Intragovernmental Services Fund.....	(84,958)

Adjustments to Other Financing Sources and Uses:

MBTA Subsidy Transfer from Highway and Local Aid Funds to the General Fund (Authorities Deficiency).....	(129,176)
Stabilization Transfer.....	(317,357)
Fringe Assessed to Budgeted Funds.....	(93,082)
Transfer from Intragovernmental Services fund to General Fund.....	(2,861)
Transfer from Revenue Maximization Fund to General fund.....	(60,498)
RMV License Plates.....	(3,169)
Transfer to Tax Exemption Escrow Trust Fund.....	(162,500)
Transfer to Brownfields Revitalization Fund.....	(45,000)
Transfer to Collective Bargaining Reserve Fund.....	(75,068)
Transfer to Tax Reduction Fund.....	(200,000)
Transfer from Tax Reduction Fund.....	(91,764)
Voting Equipment Loan Fund Transfer	(2,145)
Transfer to Children's and Senior's Health Fund	(36,952)
MWRA Debt Service Reimbursement	(6,720)
Transfer to Child Care Fund	(91,874)
Transfer to Social Services Program Fund	(45,937)
Transfer to Inland Fisheries and Game Fund	(104)
Transfer to Caseload Increase Mitigation Fund.....	(10)

Eliminations of Budgetary Activity	<u>\$ (1,604,785)</u>
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Schedule E

Cumulative Calculation Of Allowable State Tax Revenues

June 30, 1998
(Amounts in thousands)

When Chapter 488, Acts of 1986 was enacted, it established, among other things, Chapter 29B of the General Laws. In reference to this calculation, the statute directed the use of FY86 State Tax Revenues, as defined, as the basis for the initial calculation in FY87. In each subsequent fiscal year, the prior year's accumulated Allowable State Tax Revenues result is incremented by the current Growth Factor, also defined in the legislation.

The cumulative trend of this calculation is as follows:

Allowable State Tax Revenues:

FY88.....	\$	8,622,576
FY89.....	\$	9,521,911
FY90.....	\$	10,547,421
FY91.....	\$	11,113,817
FY92.....	\$	11,282,746
FY93.....	\$	11,599,166
FY94.....	\$	12,014,101
FY95.....	\$	12,577,741
FY96.....	\$	13,214,862
FY97.....	\$	14,157,614

Schedule F
Allowable State Revenue Growth Factor

June 30, 1998
(Amounts in thousands)

Total Massachusetts Wages & Salaries:

Calendar Year:

1994.....	\$	93,436,091
1995.....	\$	99,453,633
1996.....	\$	106,000,303
1997.....	\$	114,238,904

Calculation of FY98 Growth Factor:

$$\frac{(\$114,238,904 / \$93,436,091) - 1}{3} = \underline{\underline{0.0742}}$$

Source:

U.S Department of Commerce, Bureau of Economic Analysis, Regional Economic Measurement
Division, Washington, D.C.
As revised and released September 1998.

Schedule G Local Aid Adjustment Factor

June 30, 1998
(Amounts in thousands)

Calculation of Percentage Increase Factor:

Local Aid to Cities, Towns and Regional School Districts :

Fiscal Year Ended June 30:

1997.....	\$	3,482,455
1998.....	\$	3,805,727
Percentage Change in Local Aid.....		9.28%
Less: Allowable State Revenue Growth Factor (Schedule F).....		<u>7.42%</u>
Local Aid Percentage Growth in Excess of Growth Factor.....		<u><u>1.86%</u></u>

Calculation of Local Aid Adjustment :

Previous Year's Local Aid.....	\$	3,482,455
Percentage Increase Factor.....		<u>1.86%</u>
Local Aid Adjustment.....	\$	<u><u>64,774</u></u>

Source: Massachusetts Department of Revenue, Division of Local Services Municipal Data Bank - FY 99
Cherry Sheet Booklet, September 1998.